

THE CHINA
WEEKLY

REVIEW

報論評氏勒密

A Weekly Newspaper Established In 1917

July 16, 1949

THE NEW SPIRIT

AN EDITORIAL

Time For The KMT To Quit

Gen. Chang Chih-chung

Notes On China's Policy

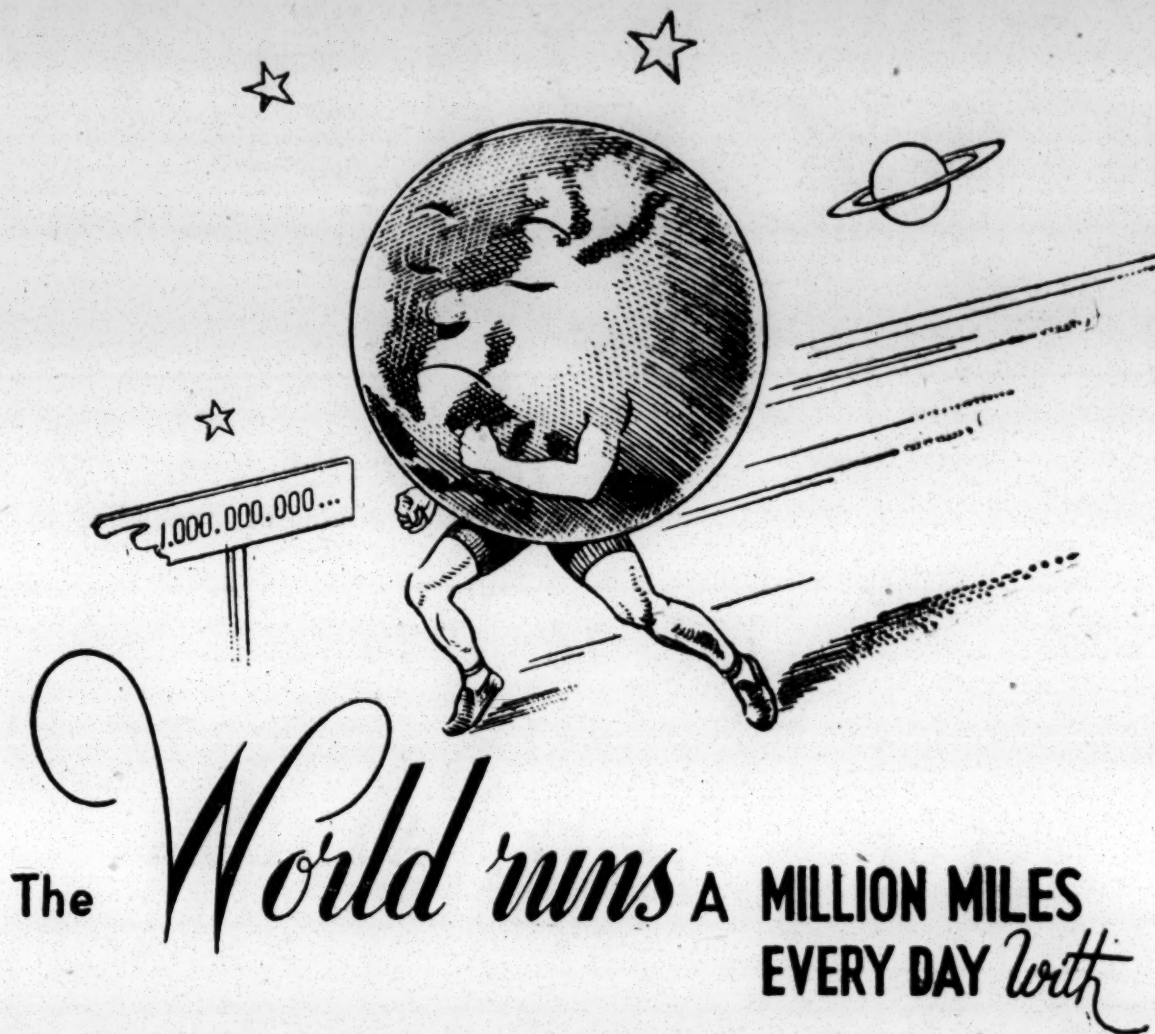
Charles J. Canning

Changeover In The Post Office

Duncan C. Lee

RACIAL TENSIONS

AN EDITORIAL



The WORLD'S
LARGEST SELLING
MOTOROIL —

MOBIL OIL

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LETTERS

From The People

Comments from readers on current topics are cordially invited: their opinions, however, do not necessarily represent the views of The China Weekly Review.

We Stand Corrected

To The Editor:

I wish to point out several mistakes in your article, "China's New Currency" in today's issue of your *Weekly Review*, (July 9), under the sub-heading "Course of Inflation."

The conversion rate from CNC to GY in 1948 was 3,000,000 to one, not 3,000,000,000 to one.

The figures CNC\$210,000,000, GY70, and JMP0.0007 should be corrected into CNC\$250,000,000, GY83, and JMP0.00083 respectively.

By the way, I will tell you a word-play on the lips of the common man at the time when GY began to be issued. It said that the initials "GY" stood for "good-by." Yes, it was indeed a good-by for both the currency and the old corrupt and reactionary regime.

MAN IN THE STREET.

Shanghai
July 9, 1949

(The REVIEW has reexamined its figures and concedes that the man in the street is a better mathematician than we are—Editor.)

Salary Problem

To The Editor:

After reading Mr. L. Tsao's letter captioned "Wage Scale" in the *Review* of July 2, I want to say something from the standpoint of a petty public servant.

Since my office was taken over by the Finance and Economic Bureau of the Shanghai Military Control Commission on May 28, three days after the liberation, everything has been ordered to be readjusted. Slogans and posters have been put on the walls reading "Study, Study, Study Again," "Keep Up With Our Brave People's Liberation Army," and "Erect a New, Strong and Prosperous Office for the People."

However, our salary standard has not yet been adjusted, and our bus service has been stopped except for those living at the Kiangwan dormitory. While I realize that we must expect a difficult life until the whole country has been liberated, it is to be hoped that the minimum living standard of public servants will be maintained.

W.S.L.

Shanghai
July 8, 1949

Olive Incident

To The Editor:

Many foreigners seem to be indignant about the treatment of vice consul Olive, who was arrested for obstructing the parade on July 7. They do not seem to believe the apology he made which was printed in the Chinese papers. In this he admitted that he had done four wrong things: He had interfered with the parade, he had refused to give his name at the police station, he had struck police officers and he had damaged property at the police station.

No sooner was he released, however, than the USIS Daily News Bulletin printed a story saying his statement was "obtained as a result of the barbarous

THE CHINA WEEKLY REVIEW

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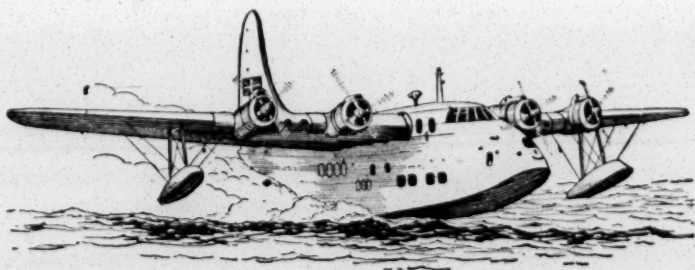
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treatment he received." This attempt to discredit the Chinese police I am sure is deeply resented by all the Chinese.

Nothing like this would have happened if Mr. Olive had shown respect for Chinese authority. But, like too many foreigners, he still has a lot to learn about the new China. We do not expect any American aid so we no longer have to let Americans get away with anything they want. If Mr. Olive had given his name right away and acted as he would in an American court, I am sure no unpleasantness would have happened.

We Chinese want to protect the foreigners, but foreigners including Mr. Olive must learn that this is our country and they must obey our laws and our policemen.

L. S. W.

Shanghai
July 10, 1949

Hard Times

To The Editor:

These are the times that try men's souls. On top of the blockade imposed by the sinful KMT that has stopped foreign trade in Shanghai, we now have floods in North Anhwei and Kiangsu provinces. These floods not only will cause untold damage to the people but will cut down the production of food-stuffs. It is as though these things were designed to test the new people's government authorities. Not since before the war have we had such terrible floods.

According to the newspapers, the Communists are rushing aid to the flooded areas and are protecting and repairing the dykes. Also, here in Shanghai, an austerity program has been started to save on the use of water, electricity, food, etc.

To save our country we must all cooperate to tide over these hard times. We should not leave it to the Communists alone to be thrifty, but the whole country should go on an austerity campaign like England did during the war. We should also try to increase production in other parts of the country to make up for the losses in the flooded areas.

The whole world is watching China to see if she can pull herself up by her own bootstraps. And while it may seem unfair to have so many hardships happen all at once, this may be a good thing in the long run. For China may this way become self-sufficient long before she would have ordinarily.

AUSTERITY FIRST.

Shanghai
July 12, 1949

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THE CHINA WEEKLY REVIEW

報論評氏勒密

A Weekly Newspaper Established in 1917

The editorial pages present each week the opinions of the editor. The other pages of *The China Weekly Review* are written by the other members of the staff and the contributing editors who report and interpret the news irrespective of the views expressed in the editorials.

Vol. 114 Shanghai, Saturday, July 16, 1949 No. 7

Racial Tensions

THE position of foreigners in liberated China today appears to be getting more delicate each passing week. There have been several instances of disputes, fights, and other differences between foreign residents and Chinese citizens and the results of these cases—at least of those which have been extensively publicized—have given rise to concern among some members of the local foreign and Chinese communities.

While there certainly are many different views regarding each of these conflicts, opinion broadly may be said to be shaping up along two main lines. Chinese generally take the view that the foreigners are being dealt with justly, while foreigners seem to feel that the treatment of foreigners in these instances has not been entirely fair.

The fact that sentiment is shaping up along two such opposed lines is indeed regrettable. If this trend continues, both Chinese and foreigners will suffer. It is never desirable to allow racial antagonisms to develop. If there are many more widely-publicized conflicts such as the Olive and Matheson cases, relations may well deteriorate.

William Olive, an American vice-consul, was arrested last week when he committed a traffic violation by attempting to break through the mammoth parade celebrating the liberation of Shanghai and commemorating the outbreak of the Sino-Japanese War. An argument resulted and Olive was taken to a nearby police station. At the station the argument developed further, resulting in a fight between Olive and some of the police on duty. The result was that Olive was sentenced to three days detention, was required to apologize in writing, and was made to pay for the damage caused to various furnishings in the police station during the fight.

Unfortunately, the local foreign community has lined up in sympathy with Olive, choosing to believe that he has been the victim of unfair treatment by the police. Also unfortunately, the Chinese community has taken the view that this incident is merely another manifestation of the arrogant behavior of the foreign imperialists and that the police actually were most lenient in their treatment of Olive.

Coming as it does on top of other recent altercations between Chinese and foreigners, the Olive case is assuming an importance, both among the foreign community in Shanghai and also abroad, which the case itself hardly justifies. However, the fact remains that the incident is serving as a focal point or excuse for development of a certain amount of racial antagonism between the Chinese and the foreigners resident here. This, we believe, is a most undesirable situation and one which should not be allowed to develop further.

There are several things which can be done by both foreigners and Chinese in efforts to reduce friction. First, foreigners should realize that today they are guests in this country and that, since their arrival here was not with the approval of the present regime, they are in the position of unofficial guests and are indeed on delicate ground.

The majority of the local foreign population, we imagine, will continue to go about its affairs without any appreciable difficulty. However, some will find it hard to adjust themselves to the changed conditions. In the matter of traffic rules, for example, foreigners must be extremely careful to obey to the letter all the regulations. In the past, most pedestrians and drivers behaved pretty much as they pleased. Today congestion is still great, but there is a noticeable improvement and the police are making an honest attempt to regulate the flow. It is particularly incumbent upon foreigners to cooperate in this attempt. After all, an American or an Englishman at home would get in trouble very quickly if he ignored traffic signals, blocked the crosswalk, or in other ways walked or drove as everyone in Shanghai has been accustomed to doing.

While it is an unpleasant fact, it is true that the Chinese rank and file are extremely sensitive about the behavior of foreigners in the past. China has had a long history of humiliation suffered at the hands of various foreign powers. Westerners in particular have incurred Chinese displeasure because of the unequal treaties and various military encounters during the last century.

For a long, long time the force of circumstances has emphasized to the Chinese people their inferiority in coping with those nations in possession of modern tools. One of the main tasks of the new People's government is to overcome this feeling of inferiority. It is essential to demonstrate to the public that the only reason why China has suffered in past encounters with foreigners was because former Chinese governments were incapable of modernizing the country. With modernization will come equality.

Meanwhile, even if the new authorities wished to be overly polite and indulgent toward foreigners, the public would notice that, as usual, foreigners were able to "get away" with things which Chinese couldn't and it would have an adverse psychological effect upon the populace as a whole. One of the best and quickest methods of bringing home to the people of China that a new day has really arrived, is to make sure that foreigners residing in China obey the law. Thus, it is reasonable to presume that any breach of

the law by foreigners is likely to be dealt with in a very strict manner.

This may be an unpleasant pill for many foreigners, but that is the way things are today. In the past foreigners could afford to be lax in observing customs and laws. Today they must bend over backward to make sure that they are at all times within the law. It may be annoying, for example, to a foreigner to stop his car at the white line painted at street intersections and observe all manner of Chinese driven vehicles go on past him and block his route. However, under today's delicate conditions, he simply will have to put up with it. Even if others do not observe traffic or other rules, he must.

On the Chinese side, there are also some things which can be done in an effort to prevent isolated instances of conflict from leading to a serious situation. While requiring that foreigners observe all regulations in the strictest sense, the authorities must at the same time watch carefully to see that a situation does not develop whereby the general public gets the idea that foreigners are fair game for illegal molestation.

Admittedly it is most important that the public realize that there is no difference in treatment of Chinese and foreigners, but, for the sake of future relations, it is important that the public realize that it is equality which is desired. As a result of the Olive case and the others preceding it in which foreigners were involved in fights with Chinese, most local foreigners, we believe, are fast realizing the necessity for staying out of trouble. It is thus desirable that some of the less responsible members of society, who have not yet been re-educated, do not seize upon this new situation for the gratification of personal desires to exploit a group of people now considered unable to defend themselves.

As we said in the foregoing, this whole matter of relations between Chinese and foreigners is of small importance when compared with the really big problems confronting the new China. However, we do believe that there is a lot to be gained by attempting to prevent those conflicts which do arise from getting too involved or complicated or from being exploited by those who desire to see Sino-foreign relations worsened.

The New Spirit

ONE of the most impressive aspects of life here since the liberation is the manifestation of a new spirit by a large section of the population. While such things as "spirit" or "morale" are more difficult to define and to analyze than more concrete matters, such as trade returns, bank balances, etc., these intangibles are nevertheless extremely important.

In the old days most observers were agreed that the spirit of the people was very low. The casual approach to their jobs by many workers was explained by the fact that the inflation, which robbed them of their earnings, had broken their spirit and caused them to adopt an indifferent attitude toward their work. In the military field, the question of low troop morale was cited as a partial reason for each successive Kuomintang defeat. The corruption of civil servants was

blamed on lack of a proper spirit of public service.

While one may find difficulty in explaining in a few words what he means by "morale" or "spirit" and find it extremely difficult to set up a system whereby such qualities can be measured, it is possible to measure or define the results produced by a certain degree of spirit. If troops are dispirited, they either will not fight or will at best fight very poorly. On the other hand, if their morale is high, they may be capable of fighting better or longer without rest than might normally be the case.

During the nearly two months since Shanghai's liberation, there has been a tremendous upsurge in the people's morale. This has been particularly noticeable among certain groups of people. Students, workers, and many other particular classes of society here could almost be described as having been awakened by the change in regime. It would, of course, be misleading to say that the entire population has experienced a spiritual uplift. Several groups, which in the past directly profited from the old political system, have suffered a decline in morale, while those people connected with specific lines of endeavor which are now suffering, such as the import-export trade, are certainly in low spirits, even if only temporarily.

However, we think there is sufficient evidence to bear out the claim that the vast majority of the people of Shanghai are in better spirits today than for a long, long time. The reason for this is fairly obvious. The city has a new regime which has publicly dedicated itself to the improvement of life for the majority, especially for those classes (which constitute the vast majority of Shanghailanders) which in the past suffered from economic exploitation and direct official oppression.

To illustrate this point, we may take the case of a worker in a textile mill, say, in one of the CTI mills. Prior to the liberation, he earned only a little more than was required to feed himself. If he had a family, he was in much worse shape. Added to this economic hardship was the direct oppression of the government which viewed any attempts to agitate for better pay or working conditions as evidence of communist sympathy. Thus, he was not only likely to be hungry and poorly clothed and housed, but was in constant danger of suspicion from the authorities if he tried to join collectively with his fellow workers in an effort to better his condition. What's more, as refugees poured into the city and as unemployment became greater, his job security became threatened.

Now, however, he has been liberated. He is not only permitted to join with his fellow workers in mass movements to improve his condition, but is actually encouraged to do so. While his economic condition may not have been improved drastically, it has not become any worse and he is secure in his job. He also has the prospect of a better economic life in the future since it is being made clear to him that the more he produces, the more he will earn.

The results of this improved spirit may not be entirely evident today, but it is almost certain

that it will be possible to measure them very shortly. We have evidence that this is true in other cities liberated earlier. However, even though the time since Shanghai's liberation is short and even though a certain amount of disruption and confusion exist in some fields, there is a small bit of change here and there which stems from the new spirit of the people and which can today be measured.

The conductors and motormen operating Shanghai's buses and streetcars are reported to have held several union meetings to discuss the problems of their jobs. Those workers have made several proposals aimed at improving not only their own economic and social position, but also at improving their own efficiency and habits of work. The ticket sellers are reported to have agreed to stop squeezing upon the sale of tickets to passengers. They are reported to have reasoned that now that they expect the company to treat them better in the matter of pay and working conditions, they must do their best to make money for the management and therefore must stop re-selling old tickets or engaging in other types of squeeze.

The motormen are also reported to have agreed among themselves to make efforts to improve the service for the public. In the future, they are reported as having decided, they will stop at each scheduled stop instead of passing them. Previously, when the bus or streetcar was fairly full, or when there was another vehicle just behind them, they frequently would drive on past one or more stops, thus causing inconvenience to passengers desirous of boarding the vehicles or to those already aboard who wished to get off. Such a practice enabled the bus or streetcar to complete a trip faster than the normal schedule and thus gave the motormen and conductors time to have a cup of tea or to gossip at the terminal before starting back. It has been a common sight in the past to see a half dozen buses and streetcars standing idle at a terminus while large numbers of would be passengers waited on the traffic islands up and down the streets.

Now, it is of course unlikely that the operating companies or the public will notice a drastic change for the better tomorrow morning, but the fact that the workers, in addition to pressing for better treatment from the management, are willing to admit openly their previous bad practices and to undertake—freely and of their own accord—to make corrections is most significant. Surely this new spirit will show measurable results very quickly.

A few items culled at random from the local press show how this new spirit is manifesting itself in many different ways. The family members of those employees of the China Merchants Steam Navigation Company who were forced by the KMT to evacuate Shanghai have formed a co-operative to support themselves until such time as their husbands, brothers, and fathers are able to return to Shanghai and resume work. The work of the co-operative will include sewing, car-



—Minneapolis Star

ing for children, washing, cigarette rolling and various other types of handicraft work. They are raising capital among themselves and expect to get loans from local banks, plus some assistance from the new Navigation Bureau. While this may seem a small thing, one only has to remember what would have happened to these women and children two or three months ago if, for one reason or another, the families' wage earners had been sent away from Shanghai. Not only would nothing have been done for them by the authorities, but the police would have been called

out to beat and arrest ringleaders if word got around that the families were planning any sort of cooperative venture. Cooperation was frowned upon as being akin to communism. Remember?

The complete restoration of Shanghai's iron and steel industry is expected by the middle of this month. This industry, like most other ones in the city, suffered greatly before the liberation due to the inflation, forcible confiscation of stocks by the military, shortages of raw materials, reduced markets, etc. In order to acquaint themselves with the problems of this industry, local officials concerned discussed problems with both management and labor. No wonder the spirit of both workers and owners is high. This is probably the first time in the industry's history that the crossing of the threshold by an official failed to result in the application of some sort of special levy or other tax designed to squeeze a little more out of the industry for the coffers of the bureaucrats.

The Shanghai Temporary Relief Commission has announced that it plans to aid some 800,000 refugees living in the Shanghai areas to return to their native places where they can pick up their old occupations. Already several groups have been aided by money grants, arranging of transportation facilities, provision of food, etc. so that they can leave the city. Everybody knows that the burden of nearly one million indigents has contributed to the city's woes in the past, but this is the first time anything has been done about it, although the KMT authorities did do some talking about the problem from time to time. The spirit of the refugees—many of whom had been forced to descend to begging on the streets—undoubtedly has been raised, while the morale of the permanent residents undoubtedly will improve. This does not take into consideration the benefit to be obtained by ridding the city of 800,000 mouths to be fed and the returning to productive work in their native places of this sizable army of farmers and laborers.

From Tientsin, which was liberated some time before Shanghai, come several reports which show how the changed conditions have brought a new spirit to the people and how this new spirit is already paying productive dividends.

The Tientsin Steel Refining Factory reports that as a result of "democratic control" of the plant, production has increased by three times (300 percent) when compared with pre-libera-

tion days. In addition to a flat increase in output, production has become less expensive. The Martin furnace at the factory, it was said, was operated 52 times during the first month of post-liberation operations. Because of the careful handling of the furnace by the workers, it can be operated another 30 times before it will need repairing. Previously a furnace had to be repaired after only 57 operations. The impurities in the steel are reported lower than in the past, with less than 0.5 percent of phosphorous, sulphur, and other impurities.

Also from Tientsin comes the report that the People's Government has already completed construction of 2,100 houses for the 6,000 people made homeless when the KMT commander ordered the destruction of houses in the suburbs just before the fall of the city. One can hardly imagine the extent to which this move will raise the spirits of the people involved, not to mention the effect it will have on the general population.

Another report from Tientsin tells of the education classes being formed for the city's beggars and of plans for mobilizing the able bodied among them for productive work. From Peiping it is reported that the business tax and the income tax have been reduced as a method of encouraging the city's capitalists to increase their scope of activity. A report from central Hopei tells of plans for an expanded cotton acreage this year so that North China's textile mills will have ample stocks and not be forced to operate at partial capacity as has so often been the case in the past. Already the plan to increase the cotton area to 3,000,000 mou has been surpassed by nearly an additional 300,000 mou. It was also reported that the planting quota for peanuts (groundnuts) has reached 1,860,000 mou, or 92 percent of the original schedule.

From north Anhwei it is reported that a large scale water conservancy project covering more than 10 hsien has been completed under the joint efforts of more than 1,000,000 people. This project has brought more than 5,200,000 mou of farmland back into full scale cultivation. In the past, because the KMT neglected to keep the dykes in good repair, the area was regularly flooded. Last year, for example, some 100,000 farmers were affected by the floods.

It is becoming increasingly clear that not only have the people a government which is willing to make every effort to help them, but one that is encouraging them to help themselves. It is also quite evident that a small class of people, who in the past profited out of the misery of the masses, is not getting any help from the new regime. In fact, some of those who formerly waxed rich on the misfortunes of the poor have been called to account. However, this does not mean that the propertied classes are being impoverished so that the poor may enjoy a short roman holiday—a charge often levelled against the Communist Party by its critics. Rather, only the worst reactionaries and the war criminals are being dispossessed. The average man of property has not suffered at all, unless he were a speculator or one who made capital out of an alliance with the old ruling gang. The legitimate businessman is being

encouraged, just as the worker is, with the theory that the more the country produces in the way of finished goods, the better off everyone will be.

Under such a set up, is it any wonder that the people are developing a new spirit? What this new spirit will bring is hard to say exactly, although there is little doubt but what it will bring substantial material progress and bring it much faster than many people expect.

Sounds Familiar

THE Hukbalahap Army in the Philippines is reported to be gaining strength despite the many "bandit suppression" campaigns launched against it by the Philippine government. According to an *Associated Press* dispatch from Manila last week, the Huk forces, led by Louis Taruc, an avowed Communist, are becoming more streamlined in their organizational set up and have extended their areas of operations.

A recent Philippine government intelligence report is quoted as admitting: "in eight out of every ten encounters the Philippine Constabulary (national police) has always been out-manuevered, surprised, and embarrassed. . . ." Facts, says AP, indicate just one thing: "the Huks are possessed of a superior intelligence system. And they employ secrecy and discipline. Their knowledge of constabulary dispositions and of routes of escape are commendable, the report said."

The Huks normally operate in four provinces of central Luzon and two provinces south of Manila. But their operations have expanded into at least six other provinces on Luzon as far north as Palawan in remote Isabela Province, 220 miles north of Manila. They have struck west into the jungles of Bataan and the mountain hideouts of the Zambales. Lately they have been found in the rich agricultural province of Batangas, immediately south of Manila, where agrarian troubles have been almost unknown in the past.

AP explains this increased activity by stating that the Huks are now working on a new organizational plan which has increased the efficiency of their operations greatly. Under this plan, the Huk forces are divided into three main divisions. Of these, AP says, "One is composed of combat men. Another is a base force which provides supplies, establishes liaison with the peasantry and locates mountain strongholds.

"The third force concentrates on expansion. They are recruiters and propagandists. They are making sharp headway among the confused tenant farmers of Bulacan, Pampanga, Nueva Ecija, and Tarlac provinces. They are making such headway that one eminently reliable source estimated 62 percent of the population of the above four provinces—roughly 800,000 people—can be counted as cooperative to the Huk cause and non-cooperative to government forces."

There undoubtedly must be many other reasons why the Huk guerrilla forces are meeting with increasing success. After all, revolts can be carried out, especially over such a long period and by a relatively small group of poorly armed

men, only when the masses of the people are dissatisfied with their government and are willing to lend support to the rebels.* This, in our view, is an elementary fact which can hardly be disputed.

This brings us to the next step: Why do people become dissatisfied with their government? Generally speaking, a government becomes unpopular only when it has failed to attend to the legitimate needs of its people. Of course, we have seen instances where regimes became temporarily unpopular because of one or a series of specific acts but which later regained the support of the people and carried on.

When the people finally revolt, one may usually assume with safety that it is because the government has become bad and has acted over a long period in a manner found not to be in the best interests of the majority of the population. There are, of course, army revolts in different countries—especially in South America—from time to time, but such uprisings can scarcely be called people's revolts. In most such instances, the revolts and changes in regime are the result of feuds among different cliques of the ruling group.

The Huk rebellion in the Philippines, however, seems to be of a quite different nature. It has been in progress more or less continually since the defeat of Japan. Its leaders do not represent a military clique or political faction merely trying to grab control of government. Rather, it is a revolt of the peasants which, beginning as a popular uprising restricted to a small area, has grown in strength and scope despite opposition from government forces which have been better armed and superior in numbers.

The aforementioned AP story explained a lot when it said, "They are making sharp headway among the *confused* tenant farmers..." Such a statement is very revealing to those of us who have watched the progress of events in China during the past few years. While the word "confused" is perhaps hardly the way to describe tenant farmers who are lending support to a people's uprising, the fact that it was chosen may serve to indicate to some degree the thinking of the Philippine government. If what has happened in China is any criterion, the tenant farmers are supporting the Huks because the latter promise to help them settle accounts with the landlords. The confusion, we would guess, lies with the government, which has so failed to understand the land problem in the Philippines that it has attempted to settle agrarian unrest almost entirely by a continuous dispatching of troops to affected areas.

Already reports from Manila are beginning to sound familiar. It is almost as if we had heard them before. Actually we have, only it was a different group of rulers in a different capital city. If one looks through the back files of local newspapers and reads some of the pronouncements emitted by Nanking bigwigs a year or two years ago, the similarity between them and the present day statements of government leaders in Manila will be startling.

25 Years Ago in The China Weekly Review

July 24, 1924.

Cows For Szechuen

The cows bought by the courtesy of General Liu Yu Kiu and a few others who put up the money, have arrived in Chengtu. They are all registered cattle from Kaifeng. When they left Kaifeng, they represented one bull calf (now 11 months old), one heifer two years old, and one heifer nearly two years old. Now there are five in all, having added to themselves one very valuable bull calf (born since arrival), and one more heifer... The expense of getting these animals here has been tremendous, but they are worth all the trouble and expense to get the right start for cattle here in the West.

* * *

Boxer Indemnity Balances

A well-known Chinese attorney and business man of the so-called modern class recently made the statement, "If all of the various foreign governments return their Boxer Indemnity Balances to China and earmark the funds for 'educational and cultural' purposes the final result will be an 'Educational Chop-suey' with British, French, Japanese, American and Russian flavoring." This statement was inspired by the apparent intention of all of the Powers to devote their shares of the remitted Boxer funds for "educational and cultural" purposes. In view of the fact that the emphases now being given to a consideration of educational schemes in connection with possible uses for the balances of the Indemnities all have resulted either directly or indirectly from the example set by the United States in 1908, we would like to see the American government take the lead in suggesting to the various Powers that an international commission be appointed for the purpose of working out a constructive and unified scheme whereby all of this money might be pooled for some general purpose of benefit to the Chinese people....

10 Years Ago In The China Weekly Review

July 15, 1939.

Doctors For China

The London Committee in Support of Chinese Resistance against the Japanese Invasion has sent three surgeons to China for service to Chinese wounded soldiers, according to Kuo Min. They are Drs. Kisch, Jensen, and Becker. They arrived in Hongkong last week and left for Haiphong on the 9th inst. en route to Kweichow, where they will serve in a military hospital. According to Dr. Kisch, a number of military surgeons who rendered distinguished service during the Spanish civil war, as well as many German Jewish doctors now in concentration camps in southern Germany, will also come to China in the near future for army medical work.

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Shanghai's "Badlands"

Few of the crimes are reported to the police. The police of the International Settlement have no jurisdiction, and the "Ta Tao" police are too inefficient, if not too cowardly, to make any attempt to preserve any order. There is, indeed, reason to suspect that the "Ta Tao" police participate in some of the crimes, or at least instigate them, for their pay is very small and it is becoming increasingly difficult for them to collect "goodwill contributions" from den-owners. In the "good old days" of a few months ago a "Ta Tao" policeman could collect a "goodwill contribution" of as much as \$100 from a den-owner. Now he has to be content with 10 to 20 cents and consider himself lucky to get even that. All around him, however, he observes the huge profits derived from racketeering and crime. And so, when opportunity comes along, it would be surprising indeed if he failed to let himself in on some of it. —From "The 'Badlands'—Festering Sore of Vice and Crime."

Notes On China's Domestic And Foreign Policy

Charles J. Canning

TWO important political documents of historic significance were issued in the first week of this month. One was an article by Mr. Mao Tze-tung, chairman of the Communist Party of China, discussing the people's democratic dictatorship—the type of political organization that will characterize the new government of China. Mao's article was released for publication on July 1 in commemoration of the 28th anniversary of the founding of the Chinese Communist Party. It is being widely discussed throughout the country because it is generally regarded as a responsible statement of Communist policy. The other was a joint statement issued on July 7, the 12th anniversary of China's war of resistance against Japanese aggression, by a large group of democratic parties, people's organizations and non-partisan leaders, including the Chinese Communist Party, the Democratic League, the Revolutionary Committee of the Kuomintang, the All-China Federation of Trade Unions, the People's Liberation Army, the All-China Federation of Student Unions, etc. It explained the common attitude of the signatories toward the current world situation, and particularly toward the Japan problem.

These two documents are vitally important and highly significant in that they define in unmistakable terms the fundamental principles underlying the domestic and foreign policies of the democratic coalition government that is expected to be set up in China as soon as the new Political Consultative Conference is convened. The present article is intended to discuss several points in these two documents which are of particular interest to foreign readers.

Democracy & Dictatorship

AT the very outset, it is necessary to point out that we can take the Chinese Communists at their word. They mean what they say and they say what they mean. As a matter of fact, they are at times shockingly blunt and outspoken. There is no need to read between the lines or behind the lines to find out what they are really driving at, as we used to do with the official pronouncements issued by the Kuomintang government. Any attempt to read double meanings into Mr. Mao's article or to dismiss it lightly as just so much "propaganda stuff" will lead us nowhere. It will simply prevent us from following intelligently what is happening and what is going to happen in this country.

The first point we will take up is the character of the forthcoming democratic coalition government. The whole world is looking forward anxiously, and in some places with mixed feelings, to the establishment of a central government in China. What kind of government will the new government be? This is a question that is being frequently asked by foreigners. Mr. Mao Tze-tung pointed out in his article that the new government to be formed after the new Political Consultative Conference will be a people's democratic dictatorship. But what is the concrete content of this democratic dictatorship?

Some people express the view that the term "democratic dictatorship" is "confusing" and "self-contradictory," because democracy and dictatorship cannot go hand in hand. Their argument runs something like this: "If you want democracy, you cannot have dictatorship. If you want dictatorship, you cannot have democracy. It is either democracy or dictatorship. You have to choose one or the other."

No Inconsistency

THIS line of reasoning appears plausible on the surface. But a close examination of the issue will show that it is based on misunderstanding or deliberate misinterpretation. The term democratic dictatorship covers two different aspects of the issue. From the viewpoint of the Chinese people, the new government will be a democracy. But from the viewpoint of the reactionary elements, the new government will be a dictatorship. It all depends upon from where you look at it. There isn't the slightest inconsistency or contradiction in this matter. The new government to be formed in China will be a solid alliance between the working class and the peasantry, together with the petty bourgeoisie. Since the working class and the peasantry jointly constitute approximately 80 to 90 percent of China's population, a government built on these two classes would represent the overwhelming majority of the Chinese people. In this sense, the government must be a genuine democracy.

But on the other hand, the new government will be a dictatorship over the reactionaries. Since the Chinese revolution is aimed at overthrowing the regime of the reactionary elements, there is no reason why the new government should let them do as they please. If the reactionary elements are to have democracy, the Chinese revolution might as well have been dropped.

On this point, Mr. Mao Tze-tung minced no words. He said in his article:

"You are dictatorial," some charged. Dear sirs, you are quite right. That's what we are. The experiences which the Chinese people have accumulated in several decades teach us to establish a democratic dictatorship of the people, which means depriving the reactionaries of their say and giving the people the right to state their opinions.

"Who are the people after all? At the present stage in China, the working class, the peasantry, the petty bourgeoisie and the national bourgeoisie represent the people. Under the leadership of the working class and the Communist Party, these classes will rally to form their own state and elect their own government—a kind of dictatorship over the henchmen of imperialism (the landlord class, the bureaucratic bourgeoisie, the Kuomintang reactionaries and their running dogs.) The new government will see to it that these reactionary elements behave themselves and mind their p's and q's, otherwise the government will crack down on them. The democratic system is to be implemented within the ranks of the people, who will be accorded the freedom of speech, of assembly and of association. The right to vote will only be given to the people and not to the reactionaries. These two aspects, democracy for the people and dictatorship over the reactionaries, combine to form the people's democratic dictatorship."

No Mercy

FOR the reactionaries, there can be no mercy. This is particularly so at the present time when the reactionaries, although beaten but not crushed, are still biding their time and engaging in destructive activities of every description.

On the question of dealing with the reactionaries, Mr. Mao stated in his article:

"You are too provoking," some people complained. We are talking of how to deal with domestic and foreign reactionaries, that is, the imperialists and their running dogs, and not of any other people. With regard to foreign and domestic reactionaries, the question of provoking does not arise, for provoking or no provoking does not make any difference to them as they are reactionaries. Only by drawing a clear line between reactionaries and revolutionaries, only by unmasking the designs and plots of the reactionaries, only by arousing the vigilance and attention within

the revolutionary ranks and only by raising our own morale and reducing the arrogance of the enemy can the reactionaries be isolated, conquered or replaced. In front of a wild beast you cannot show the slightest cowardice . . ."

Re-education

HOWEVER, dictatorship over the reactionaries does not mean that all reactionary elements will be "purged" or "liquidated." Many of them will be able to turn over a new leaf. It will be the task of the new government to re-educate them so far as possible. Mr. Mao Tze-tung pointed out in his article:

"After their political regime is overthrown, those of the reactionary classes and the reactionary cliques will also be given land and jobs and a means of living to re-educate themselves anew through work, provided they do not rebel, disrupt or sabotage. If they are unwilling to work, the people's state will compel them to work. Furthermore, propaganda and educational work will be carried out among them carefully and adequately as we have done to captured army officers..."

To sum up, the people's democratic dictatorship is a solid alliance of the working class, the peasantry and the urban petty bourgeoisie with the worker-peasant alliance as the core. It is a democracy because it represents the overwhelming majority of the Chinese people. It is a dictatorship because it takes stern measures to prevent the reactionaries from making trouble.

Diplomatic Relations

THE second point of particular interest to foreigners is whether the new coalition government to be formed in China is willing to establish diplomatic relations with foreign countries. Some foreigners hold that the Chinese Communists are reluctant to establish relations with the Western countries because the Communists have reiterated their determination on several occasions to line up with the Soviet Union in international relations. It is pointed out that Mr. Mao Tze-tung, in his special article, stressed the importance of leaning to the side of Socialism and of obtaining help from the Soviet Union on the one hand and pooh-poohed the idea of securing aid from the present British and American governments as a childish thought on the other. It is further charged that so far the local Communist authorities in such big cities as Tientsin, Nanking and Shanghai have ignored the existence of a large foreign community and refused flatly to have anything to do with the foreign diplomatic and consular missions. These charges and Mao's utterance have been used to back up the conclusion that the Chinese Communists are reluctant to establish relations with the Western "democracies."

The question, however, calls for a much closer study. We must go deeper to the root of the issue if we are to have a correct understanding of the situation.

BOX SCORE OF THIRD FIELD ARMY

Vital statistics listing the accomplishments of the Third Field Army of the People's Liberation Army, under the command of General Chen Yi, were reported in the local press last week. The figures, which represent the activities of the army which recently liberated Shanghai, are for the past three years and cover operations in the East China Battlefield. Following is a partial compilation, which does not include such things as numbers of armies destroyed, army groups dispersed, etc.

Cities captured	278
Total Enemy Troop Casualties	2,200,000
Artillery Pieces Captured	21,298
Rifles Captured	779,407
Rounds of Ammunition Captured	86,273,134
Tanks Captured	164
Armored Cars Captured	71
Locomotives Captured	113
Naval Vessels Captured	45
Steamers Captured	55
Motor Vehicles Captured	3,692
Horses Captured	28,114

Communist Stand

FIRST of all, it must be clearly understood that ideological considerations and different politico-economic systems offer no insurmountable obstacle to the establishment of relations between countries. A typical example is found in the preservation of normal diplomatic relations between the Soviet Union and the capitalist countries all over the world. To the best of our knowledge, the Chinese Communists have never stated that they will not establish relations with other countries in the world. On the contrary, the Central Executive Committee of the Chinese Communist Party openly told the world in a public statement issued last November that "the Chinese Communists are willing to establish equal and friendly relations with all foreign countries, including the United States of America, and protect the rightful interests of all foreign nationals."

Both in his opening address before the first session of the preparatory committee of the new Political Consultative Conference and in his special article mentioned above, Mr. Mao Tze-tung stated that China's new government under the leadership of the Communist Party is prepared to establish relations with all foreign countries on the basis of equality and mutual respect for territorial integrity and sovereignty. In his speech delivered at the preparatory committee of the new PPC, Mao said on this topic:

"At the same time we wish to declare to the whole world: We only oppose the imperialist system and imperialist schemes against the Chinese people. We are willing to negotiate the establishment of diplomatic relations with any foreign government on the basis of equality, mutual benefit and mutual respect for territory and sovereignty, provided it is willing to sever relations with the Chinese reactionaries and refrain from helping them or work-

ing in collusion with them and provided it adopts a real, and not hypocritical, attitude of amity toward the people's China. The Chinese people are willing to cooperate with the peoples of all countries in the world in restoring and developing international trade relations so as to facilitate the expansion of production and bring about a flourishing economy."

The joint statement issued on the occasion of the anniversary of China's war of resistance significantly pointed out:

"While engaged in building up a new State of their own, the Chinese people, of course, want to establish diplomatic relations with all foreign governments that are willing to adopt an attitude of equality and friendship toward us. This is compatible with the interests of our state and people. Meanwhile, we must oppose every manner of aggression and threat, because such aggression and threat are incompatible with the interests of our state and people. . ."

It is therefore quite apparent that the new democratic coalition government to be set up in China stands ready to negotiate with foreign countries for the establishment of diplomatic relations on the basis of equality and mutual respect for territory and sovereignty. To say that the new government is going to shut China's door against the Western countries has no foundation at all.

Communist Terms

ALTHOUGH the Chinese Communists are ready to negotiate on the question of establishing diplomatic relations with foreign countries, they have their own terms. These terms are: severance of relations with the reactionary refugee government of the Kuomintang, withdrawal of all foreign armed forces from China, and mutual res-

pect for territory and sovereignty. These terms are reasonable.

To date, the foreign countries concerned have not yet broken off their relations with the Kuomintang government, nor have they changed their attitude toward the Chinese people. According to press reports, the United States is still actively helping the Kuomintang government in the latter's hopeless fight against the Chinese people while other countries are planning to maintain their diplomatic relations with the Kuomintang government as long as possible in order to utilize the rump Kuomintang government as a bargaining weapon in their negotiations with the Chinese Communists. Under such circumstances it is only natural that the local Communist authorities should have refused to have anything to do with foreign consular and diplomatic missions.

* * *

Who Is To Blame?

IT is therefore quite easy to see that the foreign powers have no one but themselves to blame for the present "vacuum" so far as their relations with liberated China are concerned. It is up to them to make the first move to break the present deadlock. To cut off their relations right away with the refugee government would do much toward paving the way for eventual establishment of normal relations with new China on the basis of equality and mutual respect for territory and sovereignty. Hesitation and vacillation on this point can only add to the difficulties of foreign nationals in liberated China.

This is the reason why Mr. Mao Tze-tung said in his special article:

"... It should be made clear that it is no one else but the imperialists and their lackeys — the Chiang Kai-shek reactionary clique — that are hampering us from doing business with foreign countries and even hamper us from establishing diplomatic relations with foreign countries. Unite all forces at home and abroad to smash the domestic and foreign reactionaries and then we will have business to do and we will be able to establish diplomatic relations with all foreign countries on the basis of equality, mutual benefit and mutual respect for territory and sovereignty. . ."

In the absence of formal diplomatic relations, foreigners in liberated China are not having as smooth a time as they might these days. True, the local authorities have afforded them full protection for their lives and property, but they feel uneasy and uncomfortable all the same. It is to their interest that the present situation be clarified as early as possible. The key to the situation is that the foreign countries concerned sever their relations with the remnant Kuomintang government, because this is one of the pre-requisites for the eventual establishment of relations with the people's China.

CHINA'S POPULATION

Province or Municipality	Total population	Number of males	Number of females
Kiangsu	36,062,623	18,746,560	17,316,063
Chekiang	19,220,833	9,997,712	9,223,121
Anhui	22,293,288	11,769,892	10,523,396
Kiangsi	12,472,132	6,467,287	6,004,845
Hubei	20,913,044	10,909,470	10,003,574
Hunan	25,948,628	13,631,924	12,316,704
Szechuen	47,107,720	24,151,127	22,956,583
Sikang	1,651,132	831,544	819,576
Hopei	28,730,258	15,476,559	13,253,699
Shantung	39,288,540	19,516,054	19,772,486
Shansi	15,221,807	8,332,501	6,899,306
Honan	29,253,569	14,902,545	14,351,024
Shensi	9,880,502	5,163,824	4,716,678
Kansu	6,978,445	3,633,246	3,345,199
Chinghai	1,346,320	683,802	662,518
Fukien	11,110,463	5,716,352	5,394,111
Taiwan	6,384,019	3,211,823	3,172,197
Kwangtung	27,736,219	14,777,846	12,958,373
Kwangsi	14,603,247	7,627,723	6,975,524
Yunnan	9,028,761	4,496,341	4,532,420
Kweichow	10,489,691	5,233,403	5,256,288
Liaoning	10,055,301	5,168,299	4,887,002
Antung	2,971,170	1,639,135	1,332,035
Liaopei	4,627,841	2,424,180	2,203,661
Kirin	6,465,449	3,473,239	2,992,210
Sungkiang	2,570,806	1,506,060	1,064,746
Hokiang	1,841,000	959,500	881,500
Heilungkiang	2,844,211	1,605,977	1,238,234
Nunkiang	3,333,409	1,839,547	1,493,862
Hingan	327,563	184,026	143,537
Jehol	6,196,974	3,287,177	2,909,797
Chahar	2,150,054	1,187,604	962,450
Suiyuan	2,229,945	1,247,727	982,218
Ninghsia	773,657	422,712	350,945
Sinkiang	4,047,452	2,152,597	1,894,855
Tibet	1,000,000	650,000	350,000
Shanghai	4,300,630	2,401,834	1,898,787
Nanking	1,034,995	625,533	459,462
Peiping	1,603,324	912,359	690,965
Tientsin	1,686,543	974,963	771,580
Tsingtao	787,722	439,629	348,093
Chungking	1,000,101	579,354	420,747
Canton	1,413,460	738,285	675,175
Hankow	749,952	397,886	352,066
Sian	590,085	356,071	234,614
Shenyang	1,120,918	631,738	489,180
Dairen	543,690	358,736	184,954
Harbin	760,000	481,917	278,083
Total	462,798,093	241,913,638	220,884,455

Note: These figures represent population statistics released at the end of 1947.

Changeover In The Post Office

Duncan C. Lee

THE Shanghai postal workers followed their traditional "business as usual" policy during the days of Shanghai's liberation. Some 100 postal workers, despite the cross fire between the People's Liberation Army and the KMT soldiers lodged in the Post Office building, went to work as usual on May 25. Among them was Mr. Wang Yu-kuang, director of Posts, who, along with the other postal workers, finally succeeded in persuading the KMT troops to abandon resistance. This action helped save the main Post Office building.

When Shanghai was entirely liberated, the postal workers were overjoyed and the underground pro-Communist workers emerged, posting bills and notifications congratulating the PLA on the liberation.

Following the initial celebration, the postal workers began to speculate on what their salaries would be and what would happen to the postal personnel under the new rule. They wondered whether they would be discriminated against because they had worked under the Nationalist government and, seeing the low pay the Liberation Army soldiers were getting, were worried that their salaries might be reduced to this level.

These fears were cut short when they heard a speech delivered by Chen Yi-hsien, military representative of the Military Control Commission, shortly after his inauguration. He assured them, among other things, that their remuneration would not be less than it had been under the KMT rule and that the personnel system would not be molested. Mr. Chen, who had formerly been a postal worker in this Post Office, praised the workers for their efficiency and their part in the historical revolution in the past, and exhorted them to do their utmost to serve the people.

Union Reorganized

As was expected, the Postal Union was reorganized. Although the Union had done a great many things in the past to improve the standard of living of the postal workers, some reactionary elements and spies, paid by the KMT, had infiltrated into the Union. Among them were the notorious Bureau of Investigation and Statistics agents Yao Keng-hua, Li Yu-tsun, and Kang Shih-chang, who had been responsible for the arrest of 27 postal employees and the execution of one of them. These agents, who were suspected of having supplied blacklists of postal employees to the former Garrison Headquarters, were arrested on June 29,

The Chinese Post Office is a remarkable institution and has long been a shining example of efficiency in an otherwise corrupt government. The postal workers have kept the mails running through wars and natural disasters, using all means of transportation, from buses and bicycles to donkeys, carts and the two feet of the individual mail carrier. The postal administration has consistently attempted to carry out the job of delivering the mail despite China's civil war, and, throughout the hostilities, wherever possible, mail has crossed the battle lines. This article, written by a postal worker, describes the changeover in the Shanghai Post Office after the liberation of the city. —Editor.

to the satisfaction of the postal workers.

The new Union held its preliminary session with 128 representatives. After the formal inauguration, 21 were chosen as staff members, and Mr. Lu Hsiang-hsien was elected chief. With the exception of a few old leaders, almost all now holding important positions in the Union are active, young, energetic workers, although they were less well known before. The old leaders are quickly adjusting themselves to the present conditions.

Totally Different

The Military Representative ordered a general checkup of the archives and an inventory of postal property. This is totally different from anything that has been done in the past, as it is not an ordinary changeover from one director to another. It is a takeover, as the new representative explained, by the postal workers themselves who are now masters of the Post Office. Around 100 postal workers volunteered their services to help do this colossal job. So thoroughly and carefully is it being done that even sheets of paper, the stubs of used pencils and paper clips must be counted and included in the lists.

For about a week I have worked with the Communist workers in this task. I have been greatly impressed with their patience, realism, diligence and resoluteness in coping with all difficulties. Whenever one particular piece of work is finished, a discussion is held in which both the virtues and drawbacks are singled out and compared. I began to realize that such self-criticism plays an im-

portant part in their success in many fields. It is not easy, but they have become accustomed to the habit and do it without the slightest complaint.

The Communists praised our hard work, but it was nothing compared to theirs. Once they said: "Good comrades, you work so hard that you don't care whether the dirt, dust, and rubbish will soil your western clothes." But we were embarrassed by this half-humor.

Before the liberation, especially during the last days of the reactionary rule of Shanghai, an atmosphere of oppression hung over the Post Office. After the entry of the PLA, however, lively activities soon stirred up the stagnant air. Choruses, drama and dance groups, Peiping opera, and orchestra bands were formed; everyone began humming and singing liberation songs as he worked. Every day when work is over, some chorus group or other can be seen in the compound practicing new patriotic songs. Some even go to the offices to teach others.

"Learn, learn again," has become the slogan. In an effort to keep abreast of what has been done and is now going on in the liberated areas, and to learn about the New Democracy, some 1,500 employees have banded themselves together to learn under Communist guidance. The East China Directorate General of Posts has moved its library to the Post Office library, adding some 1,500 reference books.

English Discarded

The first striking change in the Military Representative's direction was the order that all accounts, items, instructions, and correspondence, except for foreign countries, must be written in Chinese. English is discarded. Letters from the public written in English are returned to their senders with a note calling for a Chinese translation. Telephone calls, too, must be made in Chinese or they will be rejected.

The Postal Union sponsored a campaign to encourage the postal employees to join the PLA in its drive southward against the collapsing KMT. A number of them, including one young woman, have enrolled so far. The Union is setting aside funds to support their families.

With a new era ahead and an awakening to the fact that they are now serving the people, the 4,000 Shanghai postal workers are striving to catch up with the liberation and are looking forward to a new future.

WHY THE COMMUNISTS WIN

Chang T'ien-fu

IN October, 1934, the Chinese Communists broke through the Nationalists' siege in Kiangsi Province and started their 25,000-li Long March. They escaped from Juichin their old headquarters, pushed through the provinces of Kwangtung, Hunan, Kwangsi, Kweichow, Yunnan, Sikang, Szechuen, Kansu, and Shensi, and finally reached Yen-an, where they established their new seat of government. With half of the Nationalist troops pursuing them, they passed many almost impassable natural barriers and suffered heavy casualties, only one out of every 22 arriving safely at the destination.

Yen-an is a barren district where production is scanty. The Communists were expected to starve and perish there. Yet, to the surprise of the whole world, they not only survived but developed into the ruling power in China.

Chiang's Estimate

In 1945, at the beginning of the civil war, the Nationalist Government had a force of more than 4,300,000 men, including army, navy and airforce, while the Communists possessed only 1,250,000 poorly armed foot-soldiers and had no airforce or navy. Chiang Kai-shek estimated that, with economic aid from the United States, he would wipe out the Reds within three to six months. But Chiang's estimate was wrong. Within less than three years, the Communists liberated Northeast and North China, wiped out Chiang's best army at Hsuehchow, and crossed the Yangtze River, taking Nanking and Shanghai. They are now well on the way to liberating South China.

What is the explanation for this? There are a number of reasons, and to go into them fully would require a volume analyzing the whole revolu-

tion. The following facts, however, may help account for the Communists' phenomenal success.

First, they have a closely knit and powerful party. It is well known that the Communist Party is extremely strict in its selection of members. Moreover, it educates and organizes them so that they display remarkable strength and ability in serving the party. Because of this strong organization, the party has the army well under control. The control is exercised in large part through the political workers attached to the army. These political workers, who are regarded as party representatives, educate the soldiers and are respected by them. They have a very strong hold over the army, and even a Red Army commander cannot disregard the party representative and do as he pleases. Thus, the party controls the army through its political workers.

KMT Poorly Organized

The Kuomintang, on the other hand, has admitted members very loosely. KMT leaders bring their relatives, friends and favorites into the party in order to strengthen their own positions. Therefore, the Kuomintang as a party is weak and has no control over its members or its military forces. KMT political workers consist of soldiers who lack the courage to fight and who prefer to do work that will involve no risk of life and limb. Accordingly, they have degenerated into entertainers, their sole function being to amuse the soldiers and officers with songs and plays. They exercise no influence whatever over the army and, indeed, are generally looked down upon. Since there is no form of control over the army, the military, as a matter of course, dominates both the party and the government; this has been

fatal to the Nationalist regime.

Second, the Communists have excellent discipline. Since the Communist Party is strong, good discipline in the army and government naturally follows. Shanghaianders can still remember how the Nationalist soldiers beat civilians, bombed theaters, took away people's property without permission, and made many homeless by occupying their houses under the pretext of military necessity. The Liberation Army has been entirely different. During the time it has been in Shanghai, its soldiers have lived up to their words—"not to touch even a needle or a piece of thread belonging to the people." There is another thing about the Communist soldiers that I have found very remarkable: I have never heard any of them swear, while the Nationalist soldiers swore like anything.

Third, the Communists have the people's support. I daresay most of the Chinese workers and peasants, until they are taught by the Communists, know little of the difference between the Communists' "New Democracy" and the Nationalists' "Three People's Principles." They are won over to the Communist side mainly by the good discipline of the Red soldiers, and they understand Communist doctrines best through the good behavior that they witness. They see that the Communists, unlike the Nationalists, do not rob them of their possessions. Concrete facts, and not words, are most understandable to these simple people. Since the Reds help them sow and reap their fields, the people look upon them as their own soldiers and in return help them whenever possible. The Nationalists, on the other hand, often enter a village to find that the villagers have fled. That is why the Nationalists always get routed in the country.

Freemen And A Cause

Fourth, the Communist soldier is conscious of his duties. Most of the Red Army troops understand why they are fighting. They know they are fighting for themselves and for the people, not for the interests of any single person or small group. At the same time, they are treated by their superiors, not as mercenaries or slaves, but as freemen taking up arms for their own cause. In the Communist camp, the words "attention" and "salute" are very rarely heard. Privates and officers live on the same level and receive the same pay. I have been living next door to some Communist soldiers for over one month. No bodily punishment has been evident. The Nationalist soldiers, many of whom were taken by force from their ploughs, are closely guarded, poorly fed and often severely punished. They are taught to act abjectly toward their officers, springing to attention, clicking their heels and touching their hats when

CCP MEMBERSHIP RISING STEADILY

According to local press reports the membership of the Chinese Communist Party has now passed the 3,000,000 mark. According to statistics appearing in the *Shang Pao*, membership has risen steadily each year since the Party's founding in Shanghai in 1921.

Date	Membership
1921 (July)	More than 50 members
1922	Around 100 members
1923 (June)	More than 300 members
1925 (January)	More than 1,000 members
1927 (April)	58,000 members
Land Reform Period	300,000 members
1944 (July)	900,000 members
1945 (April)	1,200,000 members
1947 (January)	2,200,000 members
1947 (December)	2,700,000 members
1948 (July)	3,000,000 members
1949 (February)	More than 3,000,000 members

an officer makes his appearance. Most of them lay down their arms or take to their heels as soon as they see the shadow of the Liberation Army.

Fifth, the Communists practice fairness. In the Nationalist camp, favoritism prevails. Promotions, rewards and lucrative positions are generally given to the relatives, friends and favorites of those in power rather than on the basis of merit and ability. Both officers and men resent this. Why should they put their lives in jeopardy for the sake of a few persons and their favorites?

Sixth, the Communists have won the support of the intelligentsia through their reasonable policies. They have shown genuine interest in the welfare of the people and have asked for and received the cooperation of the educated groups. This is essential to the success of the Communists. Without the help of great numbers of technical and professional personnel, it would be very difficult to handle the complicated economic, industrial and administrative machinery of the country.

Lenient Policy

Seventh, the Communists have been lenient. This trait is most apparent in their handling of captives which is in striking contrast to the Nationalist way of doing things. An example is the KMT ex-police commissioner in Shanghai, Mao Sen, who killed hundreds of Communist underground workers before he fled from the city. His brutal acts only made the people hate the Kuomintang all the more. The Communists look at the problem entirely differently. They educate their prisoners and induce them to change over to their side. In Peiping, even the Nationalist secret service men are reported to have been allowed to go unpunished provided they voluntarily surrendered themselves and promised not to engage in reactionary activities.

Chairman Mao, in his speech on July 1, 1949, publicly declared: "After the overthrow of the reactionary class, we are going to give work to the reactionaries in order that they may live, on the condition that they do not rebel or do any destructive work, or disturb the order of society. Let them reeducate themselves through work and become new men." Because of this lenient policy the Nationalist soldiers and civil officials have no fear about changing over to the side of the Communists, and this has hastened the Communist victory.

Eighth, the Communists are diligent. They have worked very hard since the liberation of Shanghai, and it is said that Communist leaders in Peiping work long into the night attending to their duties. In the old Yenan days, all the Communist leaders had to do manual work such as spinning, weaving, ploughing, etc. in order to increase production and tide over the shortage of supplies. Even Mr. Mao was no exception. This has given them the ability to work against obstacles and to overcome an enemy that was physically stronger.

Ninth, the Communists are

frugal. No one can help but admire the simple life they lead, the life of the simplest farmer. Even in the luxurious surroundings of Shanghai their officers and men eat very simple food, receive only a few hundred JMP for pocket money, and wear simple cloth uniforms. Many of them have to go without socks. When they are asked why they don't eat better food and wear better clothing, the answer is: "Why should we do so while the living standard of the great majority of Chinese is lower than ours?"

One should not consume more than he produces if he wishes to keep out of bankruptcy. The Communists observe this principle and keep their expenses to the minimum.

Small Group System

Tenth, the "small group system" has made an important contribution to the Communist success. This is a very peculiar system, a form of democracy against dictatorship. Among the important features of the system are these:

1) Each member of the group learns from the group through self-criticism and the criticism of others. By means of this type of self-improvement, the Communist Party educates its members.

2) There is mutual supervision. The members of a group supervise one another and also encourage one another to be firm in their faith and loyal to the party. Under this type of mutual supervision there is scarcely room for half-heartedness and corruption.

3) The members pool their thoughts together and make decisions

as a group. They have frank discussions in the group meeting and look at questions from many different points of view. When a problem arises, each member of the group expresses his opinion and thus a sound conclusion can be reached. No one but the group has the right to decide a question, and thus there is a check against dictatorship by a single person. Under the Kuomintang regime, the chief of an institution was always right, and his decision was the final one, even though it might have been absurd and wicked. The Nationalist leaders did not have sufficient courage and broad-mindedness to admit errors and to make corrections, and that is why they have suffered adversity after adversity.

Theory and Practice

Eleventh, the doctrine of the New Democracy has been acceptable. Chairman Mao's New Democracy doctrine is an adaptation of communism to China with an eye to her peculiar conditions. It is not mere theory but a combination of theory and practical experience. Its measures incline neither to the left nor right and, therefore, are feasible and acceptable to the Chinese.

These eleven points do not, of course, include all the factors accountable for the Communist victory. However they are some of the principles on which the Communists have built and are building their success. As long as they continue to live up to these principles and do not deviate from the present path, they will have the people's support and their success will be assured.

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Time For The KMT To Admit Failure

Gen. Chang Chih-chung

IT IS not necessary for me to answer the various baseless reports on my captivity in Peiping. But since comrades and friends all over the country have expressed concern over my welfare, I wish to take this opportunity to say a few words.

As a matter of fact, I am leading a life of ease and comfort in Peiping. Moreover, there has been aroused within me a feeling of elation and satisfaction as the days go by. How is it so? During my eighty-day sojourn in this city, from what I have seen and heard, there is everywhere a change for the new, a movement toward the new, and this development symbolizes the birth of a new future for the nation. The Communist Party, after its 28-year long struggle, has found the secret of service for the people and reconstruction of the nation. It possesses an attitude of rigid self-criticism, the spirit to learn, the readiness to act realistically, industriously, and conservatively. With these good points behind the Party, there is efficiency and an absence of corruption in political measures. There is thrift, devotion to duty, and realistic action among the military and political cadre who are members of the Party.

Shame And Elation

Moreover, the New Democracy advocated by the Communist Party, at its present stage of development, is in accord with the basic points of our revolutionary Three People's Principles. In a word, the achievements of the Communist Party were never realized by our Kuomintang in our past political measures and in the conduct of our members. As a member of the Kuomintang, I can only feel unlimited shame. But as a citizen, I feel greatly elated. For after all, the Chinese people are still in possession of sufficient strength to tide over the national crisis, and there is hope for the improvement of our nation. Proof has been furnished that we are not a decadent race. My years of accumulated depression have been obliterated. I have been spiritually liberated. How

This statement by General Chang Chih-chung, the head of the KMT peace delegation to Peiping last spring, is of such general interest that we are reproducing it in full. The Kuomintang Peace delegation, it will be recalled, discussed peace terms with the Communists and, after negotiating an agreement, found itself overruled by the Nanking regime which refused to accept its recommendations. General Chang and the other members of the delegation decided to remain in Peiping when the fighting broke out again. Recently it has been rumored that the peace delegation had stayed in the northern capital because of Communist pressure. It was not because of this rumor but because he wanted to make his own position clear that General Chang issued the following statement. Since General Chang has been so well known in foreign circles we have translated his statement from its original Chinese for the particular benefit of our foreign readers.—Editor.

can I help but be elated?

I must point out again to my comrades who have my welfare at heart that there have been members within the ranks of our Party who said that the breakdown of the recent peace talks was due to the harshness of the conditions which amounted to surrender. But as a matter of fact, and speaking in fairness, the eight basic peace conditions had already been accepted by acting-President Li Tsung-jen of the Nanking Government at that time as the basis for the negotiations. The 24 clauses subsequently announced were but concrete measures for the implementation of the eight basic principles. During the negotiations, our Delegation had taken up the issue earnestly with the Communist Delegation, and had submitted in writing amendments in more than 40 places. More than half of these amendments had been accepted by the Communists. As an example, we proposed that the ques-

tion of war criminals should only be dealt with in principle, and that no list of names would be produced. This was one of the greatest concessions made by the Communists. It was further verbally agreed that if the Nanking Government at the time were prepared to sign the Peace Agreement, there was still room for some revisions in the text.

Had we recognized the natural situation for the defeated to seek peace, and had we taken cognizance of the normal historical incident of changes in political power, then under the great revolutionary principle of doing everything in the interests of the public, we should have, on discovery of our own incapacity, transferred our power to more capable hands; and upon realizing our lack of achievements, we should have given place to those who have achieved results. For after all, a domestic war is being fought between compatriots, and the gains and losses therein are different from such outcomes in a war with an alien race. May we recall the fact that in the last days of the defunct Manchu dynasty, had it not been for the revolution led by our Dr. Sun Yat-sen, China would have long ago suffered the fate of division by the great Powers.

No Accident

Our Kuomintang held the reins of government for more than 20 years, and it has been no accident that we have reached such a stage. Of course, as a member of the Kuomintang cadre myself, I cannot shirk my own share of the responsibility. The thing for us to do today is to admit our mistakes with sincerity, acknowledge our defeat with frankness, and resolutely give up our political power. The attitude of the people toward us will change because of our sincerity and frankness, and they will reevaluate our Party. I sincerely hope, therefore, that the responsible comrades of the Kuomintang in its central and local organizations will use their reason, face realities, and with an attitude of self-retrospection and self-penalization, resort to a last minute act to salvage the situation. By holding compassion for the people, bearing our humiliation and our responsibility, we may thus reduce the sufferings of the members of the services and the civilian population, and preserve more of what is left of the nation's vitality. Though it is not yet too late, nevertheless, it is our last opportunity, which we cannot afford to let pass. If we remain oblivious to public opinion and the natural tendencies of the general situation, and continue to engage in a hopeless war, the result can only be the injury of the people, and the damaging of our own selves. Such is an inexplicable course of action.

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Though I now stay in Peiping, my heart is in the war zones. Recalling my own views, I have all along advocated the thorough implementation of the Revolution, and the enforcement of democratic government. Since the September 18 incident of 1931, I have strenuously advocated nation-wide unity for determined resistance, and the settlement through political means of domestic issues in order to promote internal peace. All these are known to everybody. At the present moment when the general situation has developed to its current stage, I feel that all our comrades must take stock of the past and the future, and decide at once on resolute action to cooperate sincerely with the Chinese Communists in efforts for the realization of the revolutionary Three People's Principles of Dr. Sun Yat-sen, which is also the New Democracy of the Communist Party.

As to the Kuomintang, it should have long ago undergone a thorough reorganization, and should be borne anew if it is to cope with the needs of the present age, and to create a new age in which the historical mission on the shoulders of our revolutionary comrades is to be realized. At the moment, if we could be more far-sighted and more liberal-minded, and consider everything in the light of the interests of the State and the nation, the interests of our sons and grandsons in posterity, we shall then not only have no call to be pessimistic, but have reasons to be optimistic.

The country wants a new lease on life, and is getting a new lease on life. The people want a new lease on life and are getting a new lease on life. Why is it that our Kuomintang and its individual members alone should lag behind, and fail to achieve a new lease on life?

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The Week's Business

THE new authorities are now facing two serious problems. The first is the temporary suspension of shipping between Shanghai and the outside world because of the reports of KMT blockade. This has stopped at least for the time being the regular inflow of many items which Shanghai's factories and the Chinese people need.

The other is the reported flood along the Yangtze River in Hupeh, Kiangsi, Anhwei, and Kiangsu Provinces. All efforts are being made by the authorities to fight the flood which, if it spreads, will greatly decrease the production of foodstuffs.

Because of these grave problems a thrift movement has been started in Shanghai and other places along with campaigns to increase industrial and agricultural production. The thrift movement involves reducing consumption of electricity, fuel, water and foodstuffs.

Some progress is being made in halting the increase in commodity prices. A review of market conditions during the week ending July 9 by the *Giefang Rhbao* (Liberation Daily) is of interest in this connection:

The bullish trend in commodity prices during the week ending July 2 was a direct result of the flooding of idle capital in the local market following the conversion of the bogus Gold Yuan and the curbing of speculative activities by the People's Government.

The prices of several essential commodities led the jump. The quotation of soya beans soared by 95.1 percent, that of rice by 77.1 percent, raw cotton by 45.9 percent, and edible oil by 47.3 percent. The wholesale commodity prices in general moved up by an average of 41.7 percent. The quotations of the export supplies increased by an average of 22.1 percent. In the field of finance, the money situation was unsteady. At times it turned extremely stringent, under which local banks experienced great hardships.

Things, however, were different during the past week. The rising trend was much milder, and the commodity prices rose in parallel. During the week ending July 2, rice, edible oil and raw cotton led the increase in the quotations. During the past week, the prices of pork, beef, cow hide, and kerosene increased most. For instance, the price of beef went up by 78.6 percent, that of pork by 62.5 percent, cow hide by 57.9 percent, kerosene by 46.7 percent, and salt by 44.4 percent. As to foodstuffs, the quotation of soya beans increased by 6.3 percent during the past week, that of edible oil by 6.4 percent, wheat flour by 25 percent, and wheat by 27.8 percent. This serves to explain that during

the past week, the upward trend in the prices for essential commodities has been checked. What increased by considerable proportions in quotations were commodities of secondary importance. These prices only caught up with the increases in the essential commodity prices during the previous week. The wholesale commodity prices during the past week averaged increases of around 25 percent. The prices of the export supplies rose by 19.6 percent. This percentage of increase of 25 percent during the past week is only half of the 40-50 percent increase in the commodity prices during the week ending July 2. From this it can be seen that commodity prices are becoming normal.

One thing worth special attention is the development in the change of prices between raw materials and finished products. For the week ending July 2, the quotations of raw materials rose more than those for finished products. For the past week, however, the quotations of finished products rose more than those for raw materials. The latter's quotations became more stable during the past week. Against an increase of 46.8 percent for the quotation of raw cotton during the week ending July 2, the price of cotton piece goods increased by only 15.5 percent. During the past week, the price of raw cotton actually went down by 1.1 percent and that of cotton yarn increased by only 18.1 percent, but the quotation of cotton cloth shot up by 22.6 percent. In the case of edible oil, it is the same thing. During the week ending July 2, the price of soya beans soared by 95.1 percent, but that of edible oil increased by 47.3 percent. During the past week, the quotation of edible oil upped by 6.4 percent, and that of soya beans by 4.3 percent. This explains that during the week ending July 2 the factories had to purchase raw materials at high prices, and sell finished products at lower prices. During the past week, the factories were able to obtain raw materials at lower prices, and sell their finished products at higher prices. In other words, the position of the factories has turned from unfavorable to favorable. Such a tendency is one that meets the requirement of strengthening economy.

Following is a comparison of commodity prices with those of the previous week:

	July 6	July 13
	JMP	JMP
Silver dollar	1,300	1,350
20's yarn	470,000	550,000
12-lb. cloth	21,400	23,900
Rice	30,000	34,000
Peanut oil	59,000	69,000
Coal briquette	4,700	4,700

NEWS OF THE WEEK

Early Treaty With Japan Urged; Britain's Dollar Crisis Deepens

THE campaign for the writing of a Japanese peace treaty at an early date with participation by the people's China received impetus during the past week with the anniversary of China's war of resistance on July 7. A joint statement was issued on this occasion by the various parties and people's organizations represented on the preparatory committee of the new Political Consultative Conference, attacking the United States for holding up the issue and demanding the early signing of such a treaty with Japan.

The statement declared among other things:

"... The Chinese people desire to establish friendly relations with Japan and her people in accordance with the Potsdam Declaration so that Japan may become non-militarist and cooperate with China in economic and cultural fields. The United States Government and the United States military have not implemented the provisions of the Potsdam Declaration. Worse still, they have violated the Potsdam Declaration. Instead of making Japan non-militarist and truly democratized, they are making Japan anti-democratic and permanently militarist. The United States Government evidently does not intend to sign a peace treaty with Japan at an early date and is deliberately delaying such a treaty so that she can forever occupy Japan, which will never establish peaceful relations with China and foreign countries and which will only become a colony and military base of the United States Government.

"It is evident that such a reactionary policy of the United States Government directly menaces not only the Chinese people but the Japanese people as well. It also means ruthless exploitation of the Japanese people.

"In celebrating the 12th anniversary of our great war of resistance against Japan, we feel it necessary to direct the attention of the world to the fact that for the final realization of our war of resistance we unanimously demand the early signing of a peace treaty with Japan. We unanimously advocate that in discussing such a treaty we must strictly observe the Potsdam Declaration by entrusting the writing of such a treaty to the Council of Foreign Ministers of the Big Four. We also advocate that the delegate from China must be appointed by the democratic coalition government to be founded by the new Political Consultative Conference."

In Shanghai, celebration of the anniversary of the war of resistance

was highlighted by a mammoth parade which displayed the military might of the People's Liberation Army and indicated the popular support the People's Government and the People's Liberation Army enjoy among the broad masses of the people. Of particular interest and significance was the superior equipment of the People's Liberation Army and the cordial fraternity between the army and the people. Factory workers, students and shop assistants stood long hours in the heavy rain, waving their flags, singing revolutionary songs and cheering as units of the People's Liberation Army marched past. It is understood that more than one million people attended the parade. Similar impressive celebrations were held in other leading cities throughout the country.

Chiang Kai-shek is reported to have paid a flying visit to Manila in order to make arrangements with the Philippine Government for accommodating his government in exile there should he be ousted from Formosa.

US Aid To KMT

THE United States Government is continuing to give aid to the Kuomintang Government at the present time, Secretary of State Dean Acheson disclosed at a press conference. In reply to a query made by some correspondents about Chiang Kai-shek's call for more American aid, the Secretary of State said that the United States is giving all the aid that can be effectively delivered to China. He added that the United States "recognizes the Chinese Nationalist Government and has a China aid law on the books."

It was further disclosed that the Economic Cooperation Administration is very instrumental in doing this job.

It will be recalled in this connection that representatives of the refugee Kuomintang Government in Canton are in the United States trying to obtain new military and economic assistance. Kan Chieh-hou, personal representative of Li Tsung-jen, has already presented a detailed aid-China program to President Truman. Kan is now in New York, conferring with American bankers and businessmen and politicians about the China situation.

It is rumored that the Kuomintang is doing everything in its power

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to press for the conclusion of a Pacific Pact along the lines of the Atlantic Pact. Competent observers feel that under existing circumstances such efforts are doomed to failure because the foreign powers concerned are too much preoccupied with their troubles at home to give any immediate attention to this matter.

Emergency Situation

AS the result of the intensification of labor troubles and business depression, the situation is very tense in many countries. In Britain, Japan and Australia, the authorities are reported in the press to be seriously studying the problem of proclaiming a state of emergency.

Acting on the advice of the British Cabinet, King George VI proclaimed a "state of emergency" throughout Britain on July 11 to enable the Laborite Government to maintain essential public services during the present dockers' strike in London.

Nineteen separate regulations covering many aspects of British life have already been issued by the government under the emergency law. Under these regulations the authorities can arrest without a warrant, restrict postal and other services, and deal stringently with sabotage, people inducing others to "withhold their services" and actions "endangering or obstructing the armed forces." Billeting of troops in private homes can also be enforced.

Home Secretary James Chuter Ede told the House of Commons that the dispute—which began last week when dock workers refused to handle two Canadian ships involved in the Canadian Seamen's Union strike—was not a "legitimate" industrial dispute but a challenge to the whole authority of the state. He further charged that the matter was an unofficial dispute, organized not for industrial but for political purposes.

It will be recalled that proclamation of a state of emergency is a very serious affair. Such a proclamation was issued during the great General Strike of 1926. The very suggestion of issuing such a proclamation at the present time indicates that the Laborite Government is taking a very serious view of the current strike situation in Britain. A state of national emergency would give the government the power to enact any emergency regulation, short of actual labor conscription, to resume traffic along the Thames river docks.

Complicated Situation

THE British government authorities have good reason for getting worried and taking a grave view of the current situation. For one thing, continuation of the dockers' strike is bound to give rise to more trouble, both at home and abroad. The Seafarers' International Union is said to have threatened boycott of British ships in the United States East Coast ports. Also, the financial situation in Britain

In Chinese Magazines

Progressive Youth

THE *Progressive Youth* magazine (published in Peiping) of June 6, 1949 carries a very interesting article about conditions in the liberated areas in North China. The article was written by a magazine editor and educator who visited many districts in Shantung and finally went to Peiping in the middle of February of this year. Several paragraphs discussing the Communist way of getting things done are particularly informative and entertaining.

The writer points out that his trip to the north dispelled the suspicion and apprehension he had in mind before he went to the liberated areas. He says:

"For many years we have had firm faith in the appearance of a new China. However, the fact remains that we still entertained doubts and misgivings about the future of China. It seemed to us that although the military victory over the Kuomintang was only a question of time, it would probably take a long time before the political tangle was straightened out because China is a vast country and the social strata are very complicated.

"Now I don't think this way. This is not because the Chinese Communists are so powerful that they can run the whole show. It is because the political leadership of the Chinese Communist Party is clear-cut and the Communist attitude is sincere and frank. The Communists are terribly honest and do things above the board. They never play tricks. Take the character of China's future government for example. The Chinese Communists have openly stated that it should be a people's democratic dictatorship based on a worker-peasant alliance under the leadership of the Chinese proletariat. Since this is objective truth, the Chinese Communists do not conceal such terms as 'people's dictatorship' and 'under the leadership of the proletariat.' I am afraid that such terms are eyesores to many people. I did not like them myself at the very beginning. But now I have learned quite a lot and I have begun to understand much better than before. At the present time and under the current circumstances there can be only one truth. The Chinese Communists are so sincere and so frank that what little political differences existed were threshed out in no time.

"Another example was the list of demands the Communists presented to the Kuomintang during the peace negotiations in Peiping. The Communists were honest and frank and they laid their cards on the table. In analyzing the Communist demands, some observers said that the demands could be summed up in

one sentence—that the Kuomintang confess its mistakes and defeat and surrender its army command and its political power. Our Communist friends said this description was correct and explained that the reason why they did this was not because it was a partisan fight between the Kuomintang and the Communist Party, but because this was necessary if the reactionary forces were to be smashed and a new China was to be built up.

"The present stage of the Chinese revolution is the new democracy, which will be followed by socialism and communism. A certain period of time will have to pass before socialism can be implemented. A much longer period will have to pass before we reach the stage of Communism. That day is still far, far away. But since this is the direction in which things are going, the Chinese Communists have pointed it out. The leaders of the Chinese Communist Party have great vision, but they are businesslike and realistic in handling day-to-day affairs. They attach the greatest importance to investigating and understanding the actual conditions, summing up practical experiences, and encouraging group discussion and self-criticism. They are brave enough to confess their own mistakes and correct them. They have concrete plans and steps for carrying out their programs. They stand firm on principle, but they know how to change their methods to meet the requirements of the situation. This represents the best possible use of materialistic dialectics.

"The Chinese Communists are never self-complacent. They emphasize the need of study in order to make improvements. It is reported that when Chairman Mao Tze-tung was staying at Shihchiachuang he told his comrades to forget about their past meritorious service and try to learn all over again. Although the liberation of the whole of China is drawing nearer and nearer each day, Chairman Mao described the nationwide liberation as 'the first step in a 10,000-li long march.' What statesmanship and what broad-mindedness!"

Turning to education, the writer continues:

"I am a firm believer in education. Looked at from the educational angle, the Chinese revolution, it seems to me, is a gigantic educational undertaking. It has changed the thinking of about 90 percent of the Chinese people. The revolution is an educational process. The People's Liberation Army is a big school. The party and government organs of different levels are schools too. So are the various people's organizations. To hold meetings is a daily routine in the liberated areas..."

What US Papers Say...

EDITORIAL comment in the US this week touched on the subjects of the North Atlantic pact, General MacArthur's July 4th statement on communism, and the Judith Coplon spy trial.

Real Purpose

THE *New York Times*, commenting on the Senate debate over ratification of the North Atlantic treaty, declared that the pact was aimed against Russia. The *Times*' frank admission is interesting in the light of numerous statements by Government officials to the effect that it was not aimed at anyone and was merely a mechanism for peace. The editorial said:

"The pact, like the European Recovery Program and the West European Union, was initiated as an answer to the Russian effort to bring all Europe under its domination... But the Russian threat is not only military, formidable as that is in view of the vast Russian armies and their vaster armament program. It derives as well from the mere existence of Soviet Russia as the dominant power on the Eurasian continent. For power radiates its influence far beyond the reach of armies, and Russian power gives the Communist struggle for power everywhere an impact and a momentum which, starry-eyed assertions to the contrary notwithstanding, it could never develop on the basis of its ideology or practices alone. Since, in contrast to Moscow's own program calling for the destruction of the non-Communist world, it is neither the purpose nor the ambition of the Western world to destroy Russian power, there is only one alternative left, and that is to restore another center or at least combination of power able to balance Russian power..."

"That is the real purpose of the North Atlantic treaty."

The *Times* added, however, that the North Atlantic pact by itself was not enough and that an armament program for Europe was a necessary addition. It explained: "But while the treaty alone might go far as a deterrent to Soviet aggression, it does not go far enough in balancing Russian power. This is where the Western armament program comes in, our own as well as the projected armament aid to Western Europe. Without such aid... it is impossible either to assure the security of Western Europe or, in the long run, to check further Communist expansion."

MacArthur's Statement

THE *New York Times* welcomed General MacArthur's July 4th statement proposing that the Communist Party be outlawed in Japan as a "vigorous move" in the battle to win control over men's minds.

The *Times* reasoned thusly:

"General MacArthur in his fourth of July statement to the Japanese was obviously moved by the need to meet the threat of the Communist program in East Asia..."

"General MacArthur is right in meeting that situation frontally and in declaring that the entire Communist philosophy is incompatible with our objectives. He is likewise right in making his attack on Communism on the philosophical rather than the practical plane. The collapse of Japan left a moral vacuum... Into that situation there has come the conflict of communist and democratic modes of thought and behavior. One or the other will replace the scheme of ideas that has now gone into the discard. In Japan we are trying to win a contest for men's minds to offset the conquests of territory that have already been made by the Soviet Union and its satellites. The Tokyo statement is a vigorous move in that direction."

Coplon Case

THE trial of Judith Coplon, a Justice Department employee who was convicted of obtaining material from the Justice Department files with the intent of having it used to the advantage of the Soviet Union, aroused considerable press comment. Miss Coplon had pleaded innocent, explained she was merely collecting material for a book, and declared she had been framed.

The *Philadelphia Inquirer* held up the case as a warning to other US Government employees. It said:

"The best test of the prison sentence of 40 months to 10 years, imposed on Judith Coplon for spying for Russia, is whether it will serve as an effective deterrent to other—perhaps more dangerous and more clever—Government employees who might be tempted to betray their country... The Coplon case is a warning to all, especially Government employees, to avoid even the suspicion of dealing with agents of America's enemies."

The *Christian Science Monitor* viewed the case as less important to America's security than the possibility of an economic depression in the country. It said:

"Miss Coplon, at worst, could have been only a small cog in the Soviet espionage system, and espionage at best is a very small part of the national picture—whether it be Soviet or American espionage."

"It cannot be said too often that political, economic, social, and moral factors vastly overshadow in importance the cloak-and-dagger fringe of the international power struggle. Half the secrets of the State Department divulged to the Russians would do far less damage to America's world position than a severe depression could cause."

is getting worse and worse with the dollar shortage.

Discussing the present Empire dollar position, Mr. Joseph B. Chifley, Australian Prime Minister, told the House of Representatives: "We are in a pretty desperate position. . . I do not want to be unduly alarmist or even pessimistic, but the drain is very heavy and I have not been able to see any brightening of the position for the last six months."

Sir Stafford Cripps, Chancellor of the Exchequer, also described the present financial situation in Britain as grave when he made a detailed report to the British House of Commons on July 6. On the topic of dollar gap, he said:

"The figures of our dollar deficit before taking account of European Recovery Plan assistance, of Canadian credit, or of drawings on the International Monetary Fund, were in the four quarters of 1948—£147 million, £107 million, £76 million and £93 million. In the first quarter of 1949 the corresponding figure was £82 million. The dollar deficit in the three months ending June 30, 1949 has risen to £157 million. There were no drawings during the quarter from the International Monetary Fund, but after taking account of £85 million for ERP reimbursement and £7 million from the Canadian credit, the reserve of the sterling areas fell from £471 million as on March 31 last to £405 million on June 30."

As a temporary expedient, the British Government is reported to have ordered a three-month standstill on British buying in the dollar markets. Both the United States and Britain feel very much worried about the situation. John W. Snyder, US Secretary of the Treasury, went to London to confer with the British Chancellor of the Exchequer. Present at the conference was Canadian Finance Minister Douglas C. Abbott.

Contradictions

THE dollar shortage problem has caused considerable dispute between the United States and Britain. Some American Congressmen who do not like the "socialist" experiment of the British Laborite Government are taking advantage of the present financial difficulties facing the Laborite Government to exert pressure. Senator Robert Taft said: "The British have a planned economy and it just has not worked. They will have to work out their problems for themselves by changing their system or doing something else. We cannot be expected to give them any more help than we already have."

Senator Pat McCarran was more outspoken when he said: "We have been pouring out money to them for years and they are in a worse condition than they were when the war ended. I don't think they will get anywhere until they change their socialist government."

It is significant to note reports in the press that Britain hopes to do

about \$1,000,000,000 worth of business with Soviet Russia and three other Eastern European nations next year in her effort to get out of the hole economically. Officials in Britain's Treasury and Board of Trade agreed the current dollar crisis gives new significance to trade pact talks going on with Russia, Yugoslavia, Hungary and Czechoslovakia. The \$1,000,000,000 would be about six percent of Britain's total world trade.

Well-informed sources disclosed that, if the present talks of Britain and Eastern European experts are translated into realities and prospects are reasonably good, the annual two way trade flow between Britain and the four nations will look something like this:

Russia	\$440,000,000.
Yugoslavia	\$340,000,000
Hungary	\$100,000,000
Czechoslovakia ..	\$120,000,000

It is further pointed out: "The Eastern European countries are food growers, renowned as Europe's traditional bread basket. They do not demand payment in dollars. And they desperately need machinery and capital equipment—things Britain can not easily sell for dollars."

British sources added: "Russia has already agreed to send Britain big quantities of coarse grains—wheat, rye, barley and corn—plus timber, tinned fish and potash in return for machinery, ships, wool, rubber. The two way total of Anglo-Russian trade last year was \$320,000,000.

The meaning of this gesture of course is not lost on Washington. This is the reason why Secretary of the Treasury Snyder rushed to London to discuss things with the British Government authorities. It is understood that Paul Hoffman, director of the Economic Cooperation Administration, is expected to go to London to see things for himself. Needless to say that the British financial difficulties will be brought up for discussion.

Truman's Program

BUT the United States is in trouble too. In view of the present business depression and growing unemployment, President Truman felt it necessary to lay down a new program of planned prosperity. In discussing America's foreign economic policy, Truman had this to say:

"The decline in our business activity is reducing our imports, which is an important factor affecting the ability of foreign countries to earn the dollars they require to restore their economic health. The decline in imports, if long continued, could have very serious effects. If a severe shrinkage in the flow of dollars abroad occurred, it would not only reduce our exports now, but also would force other countries to try to solve dollars by making discriminatory trading arrangements that would adversely affect the long-run future of our foreign trade."

But what is the way out?

President Truman once more called attention to the development of backward areas overseas. He stressed:

"I urge the Congress to enact the

What Chinese Papers Say...

A SERIES of incidents involving foreigners in Shanghai drew much comment in the Chinese press last week. The consensus of opinion was that the days of imperialist domination and arrogance are now over and that foreigners in China must obey the laws of the Chinese Government and treat the Chinese people as equals.

Basic Policy

DISCUSSING the case of William Olive, an American national who was detained on charges of violating traffic regulations and assaulting police officers, the *Giefang Rhbao* issued a stern warning against imperialist arrogance and provocation. It said:

"Under the People's Government, any act of provocation perpetrated by imperialism will be punished. All imperialist aggressive elements must be eliminated from China. All imperialist aggressive influences must be expelled from China. All foreign residents must strictly obey the laws and regulations of the People's Government. We wish to issue a special warning to the American imperialists to give up all provocative acts, otherwise they will reap what they have sown.

"Up to the present time the People's Government has not yet established official diplomatic relations with any foreign nation. Accordingly, Olive is only an ordinary American national. It is absolutely intolerable that an American national should have treated our people and the People's Government in the barbarous and shameful way of an imperialist he did. But in dealing with such an arrogant, rude and insulting foreign national who has committed a serious breach of the law, the Public Safety Bureau, while putting him under detention, patiently educated him with persuasion until he admitted his mistakes. When he repented his mistakes and asked for forgiveness and expressed his desire to be a law-abiding resident in the future, the Public Safety Bureau treated him with magnanimity..."

Then the paper pointed out that the policy of the People's Government in dealing with foreign nationals is to protect those who are law-abiding and who do their business in peace, to punish those who violate the laws and orders of the Government and to treat with magnanimity and leniency those who repent their crimes and make amends for their mistakes.

The *Wen Hui Pao* called upon foreign nationals in China to understand the changed situation in China and to readjust themselves to the new situation. The paper wrote:

"The imperialists have all along been riding over the heads of the Chinese people. They never cared for the laws of China. The reactionary government of the past,

while maltreating the people freely, acted like a slave before foreigners, to whom it hardly dared breathe out of turn. Such an attitude only served to increase the arrogance of the foreigners and led them to more deeds of defiance of the law.

"The People's Government gives absolute protection to the lives and property of foreign residents. But all unlawful acts will most certainly not be tolerated. Some foreign residents do not understand this correct policy of the People's Government. Especially a man like Olive, used as he was to his imperialist ways, has dared to offer himself as a test to flaunt the law, and during the mammoth parade of the local military and civilian population, intentionally violated traffic regulations. On his arrest, he further caused damage to public property, and assaulted members of the police force.

"The result of Olive's personal test of the law has been his punishment in accordance with the law. Consequently, he has realized that China has really changed. In addition to admitting his mistake, he has spontaneously undertaken 'to become a law-abiding resident in China hereafter.' He has also come to the realization that 'imperialist acts are no good.'

"It is to be hoped that all foreign residents in Shanghai will look upon Olive as an example, and realize that New China does not permit the lawless acts of any foreign resident. All must therefore behave themselves properly and be law-abiding foreign residents."

The *Sen Wen Pao* shared the same view and said: "In the Shanghai that is liberated, where the people have become the masters, there are today many things which are vastly different from what they were in the past. One of the most marked differences is that the age is completely past in which the imperialists, with their wanton display of might and force, could treat the Chinese people with the attitude of colonial rulers. Before the laws of the People's Government, no foreign resident will be permitted to indulge in the continued enjoyment of their 'special privileges' of the past, or oppress the people with rudeness and arrogance..."

"Shanghai is the city in China with the largest number of foreign residents. The effects of imperialist aggression that extended over more than a hundred years, and the evil poison that is left over as a result of the policy of currying foreign favors and betraying national interests pursued by the Kuomintang reactionary government during the last 20-odd years, particularly during the last three years, must be resolutely wiped out after the liberation, so that Shanghai may truly become a city of the people of an independent and free China."

In US Magazines

Harper's

C. Hartley Grattan sums up the "economics of destruction" in his analysis of the cost of the last World War in the April 1949 issue of *Harper's* in an article entitled, "What the War Cost."

"No earthquake, no hurricane, no flood known to the record," says Mr. Grattan, "has matched World II in destructiveness. No previous war—the incursions of Attila and his Huns, the pillagings of the barbarians in the declining years of the Roman Empire, the frightful scourgings of men and cities during the Thirty Year War—did anywhere near so much damage. Even War I was only one-seventh as destructive."

"What did it all cost? Naturally no tabulation of figures can tell the whole story, for the full consequences to posterity will be reckoned and reckoned as generations of historians yet unborn study the record—unless memory of it is obliterated in a worse man-made catastrophe hereafter."

In analyzing the cost of the war, the author points out that what the war costs depends upon who is doing the counting, what is thought to be a cost and the purpose for which the estimate is made. "But," he says, "two broad kinds of costs appear in all estimates: first, the cost in human lives; and second, the material costs which include both the expense of gathering together the weapons, other equipment, and the men to fight the war, and the cost of the destruction inflicted on the world by the use of the weapons." The life-cost of World War II fell more heavily on civilians than on members of the armed forces—three civilians to one in the armed forces is the estimate used by the author, and the total estimate is 30,000,000 civilians and 10,000,000 in the armed forces—40,000,000 total deaths in World War II.

"Of the material costs," he says, "the largest by all odds came from that most appalling innovation in ruthless destruction, air bombardment—especially area raids which were indiscriminate in that no specific target was aimed at. Aside from air bombardment, the chief causes of destruction in World War II were undersea and surface warfare against both merchant and naval ships, and warfare on land, including underground activities and the scorched-earth techniques used by nations retreating out of their own territory and also used by an enemy when driven from occupied territory..."

"Air bombardment was intended to destroy the ability to manufacture munitions. But munitions production today involves in one way or another practically the whole economy of a nation; a campaign against munitions production is an effort to destroy a nation's economic life."

However, he continues, "to destroy

an enemy's ability to produce, one does not have to destroy literally everything. The job can be done by smashing up the transportation system. . . . When the war ended, maps showing the condition of Europe's railroads resembled nothing so much as those pictures of germs seen through a microscope—merely disconnected dashes. The men who planned the wrecking of Europe's transportation knew precisely what they were doing. They smashed what any economist or technologist would tell them was the basic service of any economy."

In the case of Japan, Grattan says, the objective was to destroy the country's shipping. "Japan was well on the way to final industrial decline even before the United States captured bases from which bombers could operate against factories," he declares. "This was because Japanese factories could not operate without a steady flow of supplies from across the sea, and the immensely successful American campaign against Japanese cargo shipping had halted this flow."

In addition to the destruction of war-making capacity, Grattan continues, was the wholesale destruction of people's houses which he ranks as "one of the great horrors of the war."

To these costs of destruction, he says, must be added the cost of raw materials, manufactured articles and foodstuffs and the worth of labor power carried off by invaders, the cost of disorganization of established systems of trade and finance and "the cost of depressing the standard of living of the people by diverting more and more of total national production from consumption for well-being to expenditure on war." These, he points out, "are among the things which leave nations at the end of a war in such desperate straits; these, too, are part of the cost of a war, however difficult it may be to place a dollar value on them."

The grand total of the cost, Mr. Grattan estimates, is "40,000,000 people and four trillion dollars. Look hard at those figures," he suggests, "and you begin dimly to see what World War II cost. And even so, you have left out the moral cost of what man so systematically and purposefully did to man."

"Should there be a World War III, the situation will be far worse. At Hiroshima a single atom bomb killed one and a half times as many people as were killed in air bombardments in England during all of World War II. Since the atom bomb is by its very nature adapted only to area raids, to indiscriminate destruction of a highly generalized target, such as an entire city, we can estimate that if this weapon should come into use the destruction in World War II will advance, not a mere seven times as from World War I to II, but on the order of seventy times."

legislation I have recently recommended to expand both technical and capital assistance for the economic growth of under-developed areas. The expansion of foreign investment, by making dollars available directly to the under-developed countries, will improve the rest of the world's ability to buy from us."

In other words, Truman is thinking of expanding markets in these under-developed countries in order to absorb American capital and American goods.

Tension in Japan

TENSION in Japan is mounting.

Present indications are that the government authorities are deliberately playing up the Red danger as a pretext for cracking down on the Japanese people in general and on the working class in particular.

General Douglas MacArthur openly "wondered" whether the Japanese Communist Party is entitled to legal standing. There has been much talk in Japanese government quarters about outlawing the Communist Party. Premier Yoshida is thinking about declaring a state of national emergency. According to latest news dispatches from Tokyo, his government is considering such ideas as "centralizing" the police, and creating a "police intelligence service," or another secret police.

As an indication of the grave situation, the Japanese emperor and the premier conferred with General MacArthur in quick succession. The Emperor Hirohito called on MacArthur at the American Embassy on the morning of July 8.

A few hours after Hirohito left the American Embassy, Premier Yoshida visited MacArthur at the latter's headquarters at the Dai Ichi building. Informed Japanese sources revealed that one of the principal subjects of the discussion between Yoshida and MacArthur was Japanese proposals for tightening police control to "prevent further outbreak of violence."

Some observers noted with interest that the meetings between MacArthur and the Japanese emperor and the Japanese premier took place on the eve of Chiang Kai-shek's visit to Manila to confer with the Philippine President about putting up a concerted fight in the far East against Communism. It is reported that a representative of MacArthur was present at the conference between Chiang and Elpidio Quirino.

The Japanese people are getting more and more militant and rebellious, offering formidable resistance to the strong-arm tactics adopted by the government and the employers. The conservative Tokyo *Shimbu* deplored that "the times grow increasingly violent."

AP reported July 9 from Tokyo that the Japanese Communists are daily growing stronger and bolder. "They are intensifying their verbal and written attacks on the government. They loudly champion every cause affecting the workers and the people."

The Review's English Lesson—LXXXIX

Telephone Conversation

THE art of telephone conversation is an important part of the English language. Since you cannot see the person you are speaking to, it is very important to be simple and direct. Much time is often lost over the telephone, and many misunderstandings arise because the proper rules are not observed.

One of the worst practices is that of saying, "Who is speaking?" when someone answers the telephone. Very often, neither person will say who he is until he finds out who the other person is. This kind of guessing game clogs up the telephone wires and may make the telephone service slower for others who are trying to get a line, particularly in Shanghai, where the telephone system is already overburdened. The same situation arises in other places, too. In the United States, for instance, a boss may instruct his secretary to get someone on the telephone for him. The secretary will call the number and get the secretary of the other person on the telephone. Then neither secretary wants to put her boss on the telephone until the other boss is ready and waiting. The idea, of course, is to save the precious time of a business executive. But it results in a long argument between the two secretaries and much valuable telephone time is wasted.

When making a telephone call, the first important thing is to get the right party on the other end of the line. When someone answers, therefore, don't ask, "Who is speaking?" There is a considerable chance that the party you want is not the one answering the telephone. It is much better to say, "May I speak to so-and-so?"

When the party you want comes to the telephone, don't keep him guessing either by making him ask, "Who is this?" You should always identify yourself before starting your conversation. In making a business telephone call, it is often a good idea to identify yourself when the telephone is first answered. Some examples are: "Gargoyle Toothbrush Corporation, May I speak to Mr. Chang." "May I speak to the general manager, Wayside Police Station calling." "Is Miss Wei at home . . . Could you tell her Mr. Chang is calling." "May I speak to Mr. Wong. This is Mr. Chang calling." However, in making a call to a friend it is not necessary to be so formal. But if the person answering the telephone asks, "Who shall I say is calling?" you should tell him your name. He may be under instructions to find out.

When answering a telephone, it is always safe to answer with "Hello" (or the Chinese equivalent). In a business office, however, it is considered good form to identify yourself right away. If you are in an office with direct outside lines, you should answer with the name of the firm, then your own name, i.e., "Gargoyle Toothbrush Corporation, Wang Tze-lin speaking."

If the call comes through an office switchboard, the switchboard operator presumably answers with the firm's name. Then you should answer with the name of the office, i.e., "Mr. Wang's office" or "Accounting Department." Many private homes answer with their names, as a convenience to the calling party, i.e., "Mr. Wang's home," and many individuals answer the telephone with their names, "Wang Tze-lin speaking." When it is customary for a servant to answer the telephone, he is often trained to answer "Mr. Wang's home . . . Who is calling, please?" just as a secretary in a business office. The idea is to have done with the preliminaries as quickly and with as little confusion as possible.

If the person making the call does not seem to know how to go on, help him by asking, "Who do you wish to speak to?" The more confused the person on the other end of the line is, the clearer you should be.

Another general rule is that with regard to ending telephone conversations. The person making the call should end it, unless the other party brings up some new business.

* * *

Here are some sample telephone calls. The breaks indicate a switch from one party to another:

"Gargoyle Toothbrush Corporation. . . . May I speak to Mr. Wang Tze-lin, please. . . . Just a minute please. . . . Accounting Department. . . . May I speak to Mr. Wang Tze-lin. . . . Wang Tze-lin speaking. . . . Hello, Wang, this is Chang—"

"Gargoyle Toothbrush Corporation, Personnel Department. . . . May I speak to the Personnel Manager, please. . . . Hold the line a minute. . . . Tung speaking. . . . You are the Personnel Manager? . . . Yes. . . . Mr. Tung, this is Chang Pu-hao. I understand you have several vacancies in your firm. I am an accountant with five years of experience and a College graduate. I would like to speak with you about a position with your firm. . . . Very well, Mr. Chang, if you can come to my office at nine o'clock tomorrow morning, we will discuss the matter. Bring your references with you. . . . Nine o'clock tomorrow morning. Thank you, Mr. Tung. Goodbye. . . . Goodbye."

"Mr. Tao's home. . . . Wayside Police Station calling, is Mr. Tao at home? . . . Just a minute, I'll call him. . . . Tao Hsi-li speaking. . . . Mr. Tao, this is the Wayside Police Station. We would like to see you about your resident's certificate. Can you come to the Station this afternoon? . . ."

"Hello. . . . Hello, hello. Who are you? . . . This is Mr. Wang's home. Who are you calling? . . . Hello, hello. . . . Hello. . . . Hello, who is talking? . . . This is Wang Tze-lin's home. Do you want to speak to Mr. Wang? . . . Hello, who is speaking? . . . This is Wang Tze-lin's house, Chang Pu-hao speaking. Who do you want to speak to? . . . Oh, wrong number. Sorry."



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